

# FINANCING OF SPORT BY LOCAL GOVERNMENT IN POLAND

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## SUMMARY

The subject of the paper is the financing of sport, and broadly speaking: physical culture in Poland. This problem is a subject of interest in the context of the role played in its development by the local government units: gminas (NUTS level-5), poviats (NUTS level-4), and voivodships (NUTS level-2). The aim of the study is to assess the relationship between the amount of expenditure incurred from the budgets of local government units at all levels and the number of athletes in sports clubs in the area. This objective also includes the knowledge of spatial differentiation of both categories of research, and therefore the amount of expenditure of local government budgets on physical culture (per capita) and the number of athletes in sports clubs (per 1000 inhabitants). The study covers the entire Poland including territorial-administrative division of gminas, poviats and voivodships. The analysis is based on data from the years 2000 to 2013. The research allowed to classify voivodships in terms of the number of athletes in sports clubs per 1000 inhabitants and spending on development of physical culture (including sport). It enabled the presentation of the spatial structure of the analyzed categories (indicators). For the spatial classification the 3-Means Method has been used.

**Keywords:** local government spending, financing of physical culture

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## INTRODUCTION

The importance of physical culture, and in particular of sport, in human life is often emphasized in the literature. This indicates that the stimulation of this sphere of human activity may be a factor in the advancement of personal and social development. It is therefore important shaping the attitudes of society in terms of the perception of the positive effects of physical activity and active participation in it. It should be remembered that participation in sport depends not only on social attitudes and awareness. Proper spatial arrangement of a given area is also extremely important in this case. It is especially important to provide an adequate sports infrastructure and those used recreationally.

Local government plays an important role within the indicated field of social activity. Among the tasks of their own of local government at various levels are in particular public tasks in the development of physical culture.

The subject of the study is an analysis of the expenditure of gminas, powiats and voivodships on physical culture and their relationship with the intensity of sports activity which was assessed on the basis of the number of athletes in sports clubs per 1000 inhabitants. The aim of this paper is to examine the relationship between spending on physical culture, and the activity pursued in the field of sport, as well as the assessment of spatial differentiation of both categories by voivodships. The analysis uses statistical data provided by the Central Statistical Office (GUS) in the Local Data Bank ("Bank Danych Lokalnych" at [www.stat.gov.pl](http://www.stat.gov.pl)).

## POSSIBILITIES OF SUPPORTING OF SPORT ON THE BASIS OF THE ACT ON SPORT

Sport can be defined as all forms of physical activity which, through casual or organized participation affect expressing or improving physical fitness and mental, social relationships or obtaining results in competition at all levels. The concept of physical culture, which has a wider range of conceptual, is closely linked with the notion of sport. Expenditure on these forms of activity are classified together in various financial statements. Physical culture includes (Act on Sport, 2010):

- 1) sport,
- 2) physical education,
- 3) motor rehabilitation.

In accordance with article 27, paragraph 1 of the Act on Sport, creation of conditions, including organizational, conducive to the development of sport is the task of their own of local government units (Babczuk, 2013). Supporting of sport and more broadly: of physical culture can be accomplished in two ways.

One of the ways of financing of physical culture are subsidies from local government budgets on sports clubs operating on given area, not for profit. Grants are awarded in accordance with the provisions of the Public Finance Act (Public Finance Act, 2009). It regulates the provision of targeted subsidies to entities not classified as public finance sector and operating not for profit. Tasks in the field of physical culture (including sport) are treated as public utility tasks. Therefore, even though the Act on Sport does not refer directly to the Act on Public Be-

nefit and Volunteer Work (Act on Public Benefit, 2010), the Public Finance Act formulates policy to delegate public benefit under the Act on Public Benefit and Volunteer Work. These laws regulate in detail the financing of sport in this area.

The targeted subsidies should serve the public purpose and can be designed particularly on:

- 1) implementation of sports training programs,
- 2) purchase of sports equipment,
- 3) covering of the costs of organization of sporting events or participation in these competitions,
- 4) covering of the cost of using of sports facilities for the purpose of sports training,
- 5) financing of sports scholarships and training staff salaries.

All this is conditioned by an influence on the improvement of the conditions of sports practicing by members of a sports club that receives a subsidy, or increase the availability of local community to sports activities conducted by the club (article 28, paragraph 2 of the Act on Sport).

The second method of financing of sport involves a promotion of its development in the mode of adopting a resolution by legislative organ of the local government unit specifying the conditions and procedures for financing of sport (article 27, paragraph 2 of Act on Sport). This form of financing is optional, depending solely on the decision of legislative organ. It is the way of financing of sport independent of the public interest, which can be directed mainly to the clubs operating to make a profit.

## THE INVOLVEMENT OF LOCAL GOVERNMENT IN POLAND IN THE FINANCING OF SPORT

In Poland, local government consists of three levels. At the lowest level, gminas operate (NUTS level-5), followed by the poviats (NUTS level-4) and voivodships (NUTS-2 level). In the following part of the paper, the financing of physical culture, including sport, by local government units has been characterized. Data on expenditure from budgets of gminas and poviats were aggregated up to the level of voivodships. According to the budget classification, expenditures for this purpose are included in the budget of the local government in Section 926 – Physical Culture.

Analyzing historical data on local government spending on physical culture, it can be seen that in 2000, these expenses amounted to slightly more than PLN 1

billion, and then were increasing every year until 2009, when they reached a maximum of approximately PLN 6.5 billion. In the subsequent years this amount decreased gradually to nearly 4 billion zlotys in 2013 (Table 1).

**Table 1.** Expenditure of local government units on physical culture in the years 2000–2013

Years	Expenditure on physical culture			
	Total in millions of PLN	in % of total		
		gminas	poviats	voivodships
2000	1075,7	92,0	1,1	6,9
2001	1231,8	93,1	1,4	5,5
2002	1243,4	94,5	1,4	4,1
2003	1202,0	93,7	1,7	4,5
2004	1397,4	93,0	1,7	5,3
2005	1725,2	93,3	1,4	5,3
2006	2315,0	94,2	1,8	3,9
2007	2696,5	93,9	1,8	4,3
2008	4669,7	90,7	2,5	6,8
2009	6504,0	90,5	1,7	7,7
2010	6433,5	89,9	2,4	7,7
2011	5356,0	91,4	2,3	6,3
2012	4605,6	91,3	2,8	5,9
2013	3958,0	93,8	1,9	4,3

Source: Own calculations based on data from the Central Statistical Office ([www.stat.gov.pl](http://www.stat.gov.pl)).

Local government units at all levels are involved in the financing of physical culture to varying degrees. In 2013, the largest share in spending on physical culture had gminas (93,8 % of total expenditure of local government units), followed by the voivodships (4,3 %) and poviats (1,9 %). Similar proportions has been historically maintained (Table 1).

Expenditure on physical culture constitute a specified load of local government budgets. Data averaged over the country indicate that in 2013 the gminas allocated 2,57 % of their budgets to finance physical culture. The share of these expenditures in the budgets of poviats accounted 0,33 %. In relation to the budgets of voivodships it was 1,03 %. From 2010 onwards, these values were almost twice reduced (own calculation based on Central Statistic Office).

You may wonder about the effectiveness of funds spent from the budgets of local government units. In order to its verification two indicators were compared (Figure 1):

- 1) expenditure of local government units (gminas, poviats and voivodships) on physical culture in terms of number of inhabitants,
- 2) the number of athletes in sports clubs attributable to 1000 inhabitants.



**Figure 1.** Classification of the voivodships in terms of:

a) expenditure of local government units on physical culture in terms of number of inhabitants

b) number of athletes in sports clubs per 1000 inhabitants

Source: Own calculations.

The results of the comparison are summarized in Figure 1. As a method of classification the 3-Means Method (Nowak, 1990, 93) was used. This method allows to obtain four groups of objects (voivodships in this case), each of which has a different mean level of the variable. The higher the index number, the lower the average level of the variable. The first two groups are characterized by a mean level of the indicator above the average for all voivodships in Poland, and the two next – below the average. This used method is often implemented in different kind of economic analysis of spatial character (Chudy-Hyski, 2009).

## CONCLUSIONS

The analysis of data on the amount of expenditure of local government units on physical culture shows that gminas, powiats and voivodships are characterized by a very large diversity in this area. Significant differences were also observed in relation to the number of athletes in sports clubs.

As a part of the study it was also undertaken an attempt to detect the correlation depending on the number of athletes in sports clubs and the amount of spending on physical culture. The analysis was conducted with the use of the Pearson Correlation Coefficient and Spearman's Rank Correlation Coefficient (as a rank it was used an assignment of each gmina, powiat, and voivodship into one of four groups separated by the 3-Means Method). None of both used correlation coefficients did not indicate a correlation at significant level.

In discussing the issue of mutual dependence of both analyzed indicators, it should be bear in mind that the local government has only little influence on the activation of the society in the field of sport, because mainly it shapes public awareness about the benefits of physical activity. The undertaken marketing activities are an expression of the promotion of desirable attitudes. However, the practicing of physical activity depends on many other factors, including infrastructural and economic factors, characterizing the quality of life in a Polish family, but this is significantly below the European average.

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## LENKIJOS VIETOS VALDŽIOS SPORTO FINANSAVIMAS

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### *Santrauka*

Straipsnyje analizuojama fizinės kultūros, apskritai sporto finansavimas Lenkijoje. Ši problema apžvelgiama įvairiuose administraciniuose lygmenyse: savivaldybėse (gminose) (NUTS-5), apskrityse (NUTS-4) ir vaivadijose (NUTS-2). Atlikto tyrimo tikslas – įvertinti įvairių savivaldos lygmenų biudžetus ir skiriamas lėšas sportininkų ir sporto klubams. Analizuota, kiek tenka lėšų vienam gyventojui ir klubui, turinčiam 1 000 sportininkų. Tyrimas apima visą Lenkiją, įskaitant teritorinį-administracinį suskirstymą nuo savivaldybių, apskričių iki vaivadijų, nuo 2000 iki 2013 m. Atlikus tyrimą buvo suklasifikuotos vaivadijos pagal gyventojų skaičių, sporto klubus ir juose esantį sportininkų skaičių bei skiriamas lėšas kūno kultūrai.

**Reikšminiai žodžiai:** vietos valdžios biudžeto išlaidos, kūno kultūros finansavimas.